

**PX 648**

Message

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**From:** [REDACTED]@ripple.com]  
**on behalf of** [REDACTED]@ripple.com> [REDACTED]@ripple.com]  
**Sent:** 10/29/2020 3:42:02 PM  
**To:** Brad Garlinghouse ([REDACTED]@ripple.com); [REDACTED]@ripple.com]; Monica Long ([REDACTED]@ripple.com]  
**CC:** [REDACTED]@ripple.com]; [REDACTED]@ripple.com]  
**Subject:** November XRP funding proposal

+Monica Long given her RippleX leadership

Hi there,

Please bear with me this month, this is longer than usual, so to allow for proper digestion I'm leading with a short version in case you're in a TL:DR mood, then a sidebar on reserves, then additional detail.

**Short version:**

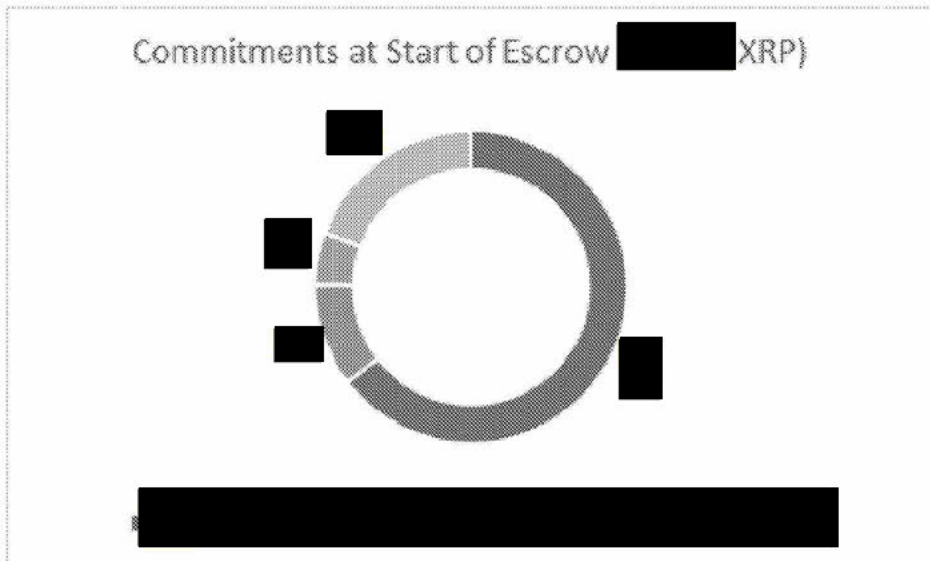
1. Currently we are pretty flush with operational XRP, and based on our forecasts 900m monthly escrow return is sustainable.
2. Lease volume, [REDACTED] and investments could lead us to need more XRP.
3. We have a LOT of XRP in reserve, [REDACTED]
4. **Proposal 1 is to return 900m to escrow** now and set that as the new normal (rather than the 800m we've been at recently)
5. **Proposal 2 is to begin using excess reserves** to fund leases, [REDACTED] and investments.

Please approve.

A brief analysis of historical usage and usage forecast is attached.

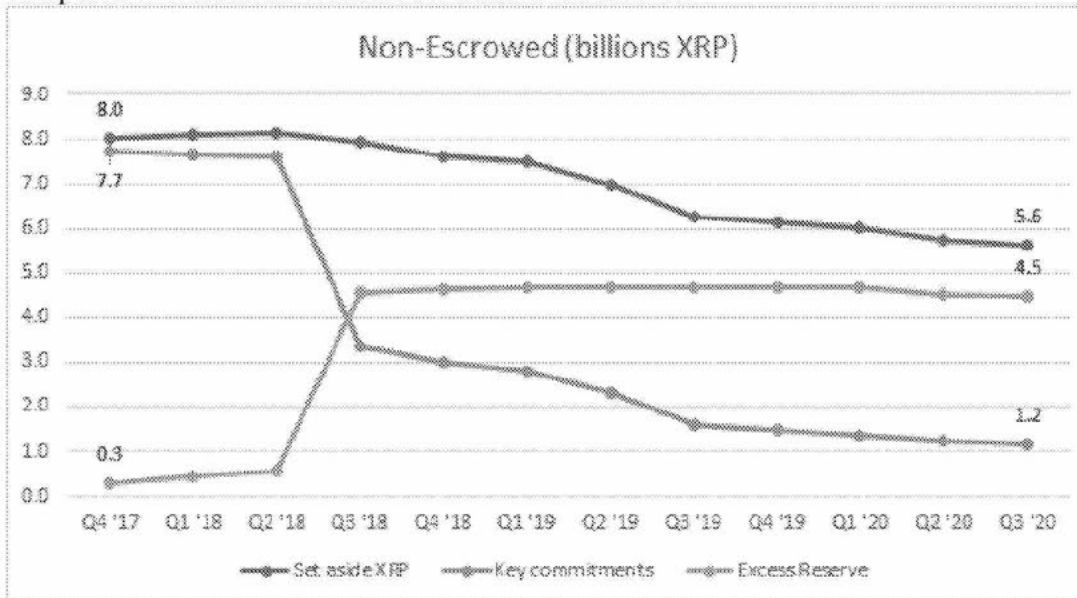
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**Reserves Sidebar:**

When we setup escrows in December 2017, we took about [REDACTED] and put it aside for some key commitments - which you can see summarized below.



Over the years, these commitments declined substantially, particularly in Q3'18 when we settled [REDACTED] and decided no way we're sending [REDACTED] another [REDACTED]

Here's a visual representation of our key commitments (those parties included in the graph above + Coil) as compared to what XRP we have set aside from escrow.



While we have let the excess reserves ride, given potential corp dev activity, at this time it seems like this excess 4.5bn XRP is more than necessary.

To preserve flexibility for future deals, I suggest that we start using it for things that are not ACTUALLY new supply (XRP leases) as well as for other key deals and non-routine activity (i.e. [REDACTED] investments).

This approach has the following benefits:

- Allows for stable long term escrow return of 900m
- Gradually works down our excess reserve balance
- Maintains an excess reserve for us to deploy in corp dev or similar activity.

An alternative approach is to put this XRP into escrow, which could certainly make a splash, but would limit our prospective flexibility to do deals.

**More details:**

**Current State** is that we are approaching the month end pretty flush with XRP.

- As noted last time around, we entered the month with a fair amount of operational XRP.
- As we were working through our XRP purchased in Q3 in October, to date we have still not pulled **ANY** XRP from the October 1 escrow release
- We are ending the month with almost 100 million XRP in our operational wallets.

**Actual/Forecast usage:**

- October was super light due to accelerating payments into September to use up purchased XRP prior to quarter end, along with not funding all expected charitable contributions and loans.
- We expect November to get back to normal range at ~180m, including 52m of XRP leases.

**Proposal is to return 900m to escrows currently:**

- Given our sizable balance entering November, I'd be surprised if we aren't to maintain this level of return for at least until we have [REDACTED] making a large purchase at the end of Q4, particularly if we allow for some funding of leases out of our reserves (more on this below)
- Moving to 900m escrow return reinforces the message we are sending to the market that our purchases are offsetting supply introduction, and coinciding with the Q3 XRP markets report release seems appropriate.

Thanks,

[REDACTED]

Controller | Ripple

[REDACTED]

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